



Policy and Budget Council

February 9, 2007
9:00 a.m.
212 Knott Building

Meeting Packet

Marco Rubio
Speaker

Ray Sansom
Chair

Council Meeting Notice

HOUSE OF REPRESENTATIVES

Speaker Marco Rubio

Policy & Budget Council

Start Date and Time: Friday, February 09, 2007 09:00 am
End Date and Time: Friday, February 09, 2007 12:00 pm
Location: 212 Knott Building
Duration: 3.00 hrs

Consideration of the following bill(s):

HB 333 Homestead Exemption by Lopez-Cantera

Presentation of Governor's Recommended Budget for FY 2007-2008
Presentation of Governor's Property Tax Proposal

NOTICE FINALIZED on 02/02/2007 15:40 by RYA



The Florida House of Representatives

Policy & Budget Council

Marco Rubio
Speaker

Ray Sansom
Chair

Agenda

Date: February 9, 2007
Location: 212 Knott Building
Time: 9:00 a.m.

- I. Call to Order
- II. Roll Call
- III. Opening Remarks
- IV. Consideration of the following bill(s):
 - HB 333 Homestead Exemption by Lopez-Cantera
- V. Status of Revenue Collections
- VI. Presentation of Governor's Recommended Budget for FY 2007-2008
- VII. Presentation of Governor's Property Tax Reform Proposal
- VIII. Adjournment

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 333 Homestead Exemption
SPONSOR(S): Lopez-Cantera
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Policy & Budget Council		Monroe <i>KDM</i>	Hansen <i>MPH</i>
2)			
3)			
4)			
5)			

SUMMARY ANALYSIS

In 2006, a constitutional amendment was adopted increasing the maximum amount of the local-option additional homestead exemption for low income seniors from \$25,000 in property value to \$50,000. This exemption may be authorized only by counties and cities, applicable to their respective tax levies.

This bill contains statutory language implementing the recently passed constitutional amendment. Specifically, the bill raises the maximum amount of the exemption which may be authorized by counties and cities from \$25,000 to \$50,000.

Also, if a city or county had enacted an additional exemption of up to \$25,000 under the constitution prior to the 2006 amendment, the bill allows such jurisdictions to raise the amount of the exemption up to \$50,000 beginning with the 2007 tax year, even though the statutory deadline for enacting such an increase (December 1, 2006) has already passed. Other cities and counties may enact the additional exemptions beginning in 2008.

The revenue estimating conference has not adopted an official estimate on the fiscal impact of this bill in 2007. However, in 2006, the conference estimated that the bill would have no impact on state funds and no direct impact on local revenue. However, if every jurisdiction adopted the exemption at \$50,000 it was estimated that this would result in a \$3.1 billion dollar loss in taxable value.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Lower Taxes –The bill increases the maximum discretionary homestead exemption for low income senior citizens from \$25,000 to \$50,000.

B. EFFECT OF PROPOSED CHANGES:

BACKGROUND

Property Taxation in Florida

The ad valorem tax or “property tax” is an annual tax levied by local governments based on the value of real and tangible personal property as of January 1 of each year. The taxable value of real and tangible personal property is the fair market value of the property adjusted for any exclusions, differentials, or exemptions. Tax bills are mailed in November of each year based on the previous January 1st valuation and payment is due by the following March 31.

Ad valorem tax continues to be a major source of revenue for local governments in Florida. In FY 2003-04 (the last year for which certain fiscal information is available) property taxes constituted 31 percent of county governmental revenue (\$6.9 billion), and 18 percent of municipal governmental revenue (\$2.7 billion), making it the largest single source of tax or general revenue for general purpose local governments in Florida. In addition, the property tax is the primary local revenue source for school districts. In FY 2003-04, school districts levied \$8.4 billion in property taxes for K-12 education.

The property tax is important not only because of the revenue it generates, but because it is the only taxing authority not preempted by the Florida Constitution to the state. However, the property tax is not an unlimited source of revenue. The Florida Constitution caps the millage rates assessed against the value of the property. In addition, the Florida Constitution grants property tax relief in the form of valuation differentials, assessment limitations, and exemptions, including the homestead exemptions.

The provision which is commonly referred to as the Homestead Exemption, is contained in Article VII, s. 6(a-d) of the Florida Constitution, which provides a \$25,000 homestead exemption for all owners of homestead property provided that the tax roll in their county has been approved. The \$25,000 amount was established for school purposes in 1980 and for other local government types in 1982. If the amount of the homestead exemption had been increased by the percentage change in the Consumer Price Index since 1980, the current value of the Homestead Exemption would be \$64,111.

In addition, Article VII, s. 6(f) of the Florida Constitution, as adopted in 1998, authorizes the Legislature to allow counties or municipalities, by ordinance, for the purpose of their respective tax levies, to grant an additional homestead tax exemption of up to \$25,000 to resident homeowners who are 65 years of age whose household income, as defined by general law, does not exceed \$20,000, adjusted for inflation. The current threshold to qualify in 2007 is \$24,214. Any change or increase in this exemption requires that the property appraiser be provided with a copy of the adopted local ordinance authorizing the change by December 1 of the year before the change is to take effect. This additional exemption is typically referred to as the Increased Homestead Exemption for Low Income Seniors. In 2006, voters approved an amendment to the Constitution increasing the maximum amount of this exemption to \$50,000.

Finally, Article VII, s. 6(e) of the Florida Constitution authorizes the Legislature to provide renters who are permanent residents ad valorem tax relief on all ad valorem tax levies. However, this provision has been implemented only for persons living in homes for the aged.

In addition, the courts have ruled that property of the federal government, the state, and the counties is immune from, or not subject to, taxation. The courts have further ruled that this immunity extends to property of school districts and certain special districts.

In tax year 2006, the combination of these various forms of property tax relief is estimated to effectively reduce the taxable value of real property in this state by 31.5 percent. For the 2006 tax year, it is estimated that at an aggregate average millage rate of 18.47, the tax revenue loss due to these forms of property tax relief will be \$1.3 billion for agricultural differentials; \$7.5 billion for the "Save Our Homes" assessment limitation; and \$2.0 billion for the \$25,000 homestead exemption.

Any additional reduction in the property tax base could result in a corresponding shift in property tax burden to other property tax owners.

EFFECT OF PROPOSED CHANGES

The first section of this bill increases the maximum discretionary homestead exemption for senior citizens from \$25,000 to \$50,000. This increase is a county and municipal option which must be adopted by local ordinance.

In addition, for the 2007 tax year only, the second section of this bill allows cities and counties that have previously enacted the additional exemption to raise the amount of the exemption up to the \$50,000 maximum for the 2007 tax year by enacting an ordinance by May 1, 2007. This allows a one time exception to the statutory requirement that an ordinance changing the value of this exemption must be delivered to the property appraiser by December 1 of the year before the change takes place. Based on the most recent data from the Department of Revenue, 53 counties and 158 municipalities have already enacted this exemption and will be eligible to raise the amount of the exemption for the 2007 tax year under this provision of the bill

C. SECTION DIRECTORY:

Section 1 amends Section 196.075(2)(c), Florida Statutes, increasing the \$25,000 limitation on the additional homestead exemption for low income seniors to \$50,000.

Section 2 allows jurisdictions that have already enacted this exemption to raise the exemption up to \$50,000 for the 2007 tax year without meeting the usual deadline for notifying the property appraiser of the change, provided that the adopted ordinance authorizing the increase is delivered to the property appraiser by May 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Because this addition exemption is a local option, the bill will have no fiscal effect unless a local jurisdiction chooses to enact the authorized increase in the exemption through a local ordinance.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill will reduce the property tax burden on owners of homestead property by increasing the amount of the homestead tax exemption; however, this reduction may result in a shift of tax burden from homestead property owners to other taxpayers.

D. FISCAL COMMENTS:

The revenue estimating conference has not adopted an official estimate on the fiscal impact of this bill in 2007. However, in 2006, the conference estimated that the bill would have no impact on state funds and no direct impact on local revenue. However, if every jurisdiction adopted the exemption at \$50,000 it was estimated that this would result in a \$3.1 billion dollar loss in taxable value.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision: The mandates provision is not applicable because the exemption increase is a local option.

2. Other: None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

This bill contains statutory language enacting a 2006 revision to the Section 6(f), Article VII of the Florida Constitution which was approved by 76.4% of the voters.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

None.

COUNTIES IMPLEMENTING ADDITIONAL EXEMPTION FOR PERSONS 65 AND OLDER UNDER SECTION 196.075 FLORIDA STATUTES. INFORMATION CONTAINED IN THIS DOCUMENT WAS EXTRACTED FROM THE 2005 FINAL TAX ROLL RECAP SHEETS. THIS INFORMATION HAS NOT BEEN AUDITED BY THE DEPARTMENT. YOU SHOULD CONTACT THE COUNTY APPRAISER'S OFFICE FOR CONFIRMATION AS TO THE AMOUNT OF THE ADDITIONAL EXEMPTION. FOR QUESTIONS CONTACT henleyk@dor.state.fl.us or CALL KATHY HENLEY 850-488-3338

COUNTIES 2005	TOTAL AMOUNT	NOTES
Alachua (2001)	\$25,000	Begin 2001 5-yr Phase-in to \$25,000
Baker	\$25,000	
Bay	\$25,000	5-yr Phase-in to \$25,000
Bradford (2003)	\$25,000	
Brevard (2001)	\$25,000	Beginning 2001; 3-yr phase-in
Broward	\$25,000	
Calhoun	\$25,000	
Clay	\$25,000	Beginning 2001
Collier	\$25,000	
Columbia	\$25,000	Beginning 2001
Duval	\$25,000	
Escambia	\$25,000	
Flagler	\$25,000	
Franklin (2004)	\$25,000	Effective TY 2005
Glades	\$10,000	Effective TY 2001
Gulf	\$25,000	
Hamilton	\$25,000	Effective TY 2001
Hardee	\$10,000	Effective TY 2002
Hendry (2001)	\$25,000	Effective TY 2001
Highlands	\$5,000	Effective TY 2001
Hillsborough	\$25,000	3-yr Phase-in to \$25,000
Holmes	\$20,000	5-yr Phase-in to \$25,000
Indian River	\$25,000	Effective TY 2002
Jackson	\$5,000	Effective TY 2001
Lake	\$25,000	
Lee	\$25,000	Effective TY 2004
Leon (2002)	\$25,000	Effective TY 2002
Levy (2001)	\$25,000	Effective TY 2001
Liberty (2003)	\$25,000	
Madison (2003)	\$25,000	
Manatee (2004)	\$15,000	
Miami-Dade	\$25,000	
Martin (2005)	\$10,000	
Monroe	\$25,000	
Nassau	\$25,000	Effective TY 2001
Okaloosa	\$25,000	
Okeechobee (2005)	\$25,000	Effective TY 2005
Orange (2001)	\$25,000	Effective TY 2001
Osceola	\$25,000	Effective TY 2002

Palm Beach (2004)	\$25,000	
Pinellas (2006)	\$25,000	Unincorporated county eff. 2006
Polk	\$25,000	Beginning 2001
Putnam	\$20,000	Began 2000; incrs to \$15 th 2001
St. Johns	\$25,000	
St. Lucie	\$15,000	
Santa Rosa	\$25,000	
Sarasota (2003)	\$5,000	Effective TY 2003
Seminole	\$25,000	Effective TY 2002
Sumter	\$5,000	
Volusia	\$25,000	
Wakulla	\$10,000	Gradually-\$5,000 each yr to
Walton	\$25,000	Effective TY 2001
Washington	\$15,000	Eff. 2001; 5 yr phase-in to \$25,000
STATEWIDE TOTAL	53	Counties

MUNICIPALITIES THAT HAVE ENACTED THE ADDITIONAL EXEMPTION FOR PERSONS 65 AND OLDER. THIS INFORMATION HAS NOT BEEN AUDITED BY THE OF REVENUE AND MAY NOT BE ENTIRELY CURRENT AS ORDINANCES CONTINUE TO BE ENACTED WITHOUT NOTIFICATION TO THE DEPARTMENT. YOU SHOULD CONTACT YOUR LOCAL PROPERTY APPRAISER'S OFFICE FOR THE MOST CURRENT INFORMATION.

MUNICIPALITIES 2005	COUNTY
Alachua	Alachua
Gainesville	Alachua
MacClenny	Baker
Lynn Haven	Bay
Mexico Beach	Bay
Panama City	Bay
Cocoa (2001)	Brevard
Indian Harbor	Brevard
Malabar	Brevard
Melbourne Beach	Brevard
Melbourne Village	Brevard
Satelitte Beach	Brevard
Titusville	Brevard
Cooper City	Broward
Coral Springs	Broward
Dania	Broward
Davie	Broward
Ft. Lauderdale	Broward
Hallandale	Broward
Hollywood	Broward
Lauderdale by the Sea	Broward
Lauderdale Lakes	Broward
Lazy Lake Village	Broward
Lighthouse Point	Broward

Margate	Broward
Miramar	Broward
North Lauderdale	Broward
Oakland Park	Broward
Parkland	Broward
Pembroke Park	Broward
Pembroke Pines	Broward
Plantation	Broward
Pompano Beach (2001)	Broward
Sunrise	Broward
Tamarac	Broward
Weston	Broward
Wilton Manors (2001)	Broward
Southwest Ranch	Broward
Blountstown	Calhoun
Everglades	Collier
Marco Island	Collier
Naples	Collier
Lake City	Columbia
Atlantic Beach	Duval
Baldwin	Duval
Jacksonville-B	Duval
Jacksonville-U	Duval
Neptune Beach	Duval
Pensacola	Escambia
Beverly Beach	Flagler
Bunnell	Flagler
Flagler Beach	Flagler
Palm Coast (2001)	Flagler
Apalachicola	Franklin
Port St Joe	Gulf
Wewahitchka	Gulf
Tampa	Hillsborough
Temple Terrace	Hillsborough
Indian River	Indian River
Sebastian	Indian River
Vero Beach	Indian River
Clermont	Lake
Lady Lake	Lake
Mount Dora	Lake
Tavares	Lake
Cape Corral	Lee
Ft. Myers Beach	Lee
Sanibel	Lee
Tallahassee	Leon
Cedar Key	Levy
Inglis	Levy
Otter Creek	Levy
Anna Maria Island	Manatee
Bradenton Beach	Manatee

Holmes Beach	Manatee
Longboat Key	Manatee
Belleview	Marion
McIntosh	Marion
Adventura	Miami-Dade
Coral Gables	Miami-Dade
Golden Beach	Miami-Dade
Hialeah	Miami-Dade
Hialeah Gardens	Miami-Dade
Homestead	Miami-Dade
Key Biscayne	Miami-Dade
Miami	Miami-Dade
Miami Beach	Miami-Dade
Miami Lakes	Miami-Dade
Pinecrest	Miami-Dade
South Miami	Miami-Dade
Sunny Isles	Miami-Dade
Sweetwater	Miami-Dade
West Miami	Miami-Dade
Islamorada	Monroe
Key West	Monroe
Layton	Monroe
Marathon	Monroe
Cinco Bayou	Okaloosa
Crestview	Okaloosa
Destin	Okaloosa
Ft. Walton Beach	Okaloosa
Mary Esther	Okaloosa
Niceville	Okaloosa
Shalimar	Okaloosa
Valparaiso	Okaloosa
Apopka	Orange
Belle Isle	Orange
Edgewood	Orange
Oakland	Orange
Ocoee	Orange
Orlando	Orange
Windemere	Orange
Winter Garden	Orange
Winter Park	Orange
Kissimmee	Osceola
St. Cloud	Osceola
Royal Palm Beach	Palm Beach
Wellington, City of	Palm Beach
Belleair Beach	Pinellas
Clearwater	Pinellas
Dunedin (2001)	Pinellas
Madiera Beach	Pinellas
North Reddington	Pinellas
Pinellas Park	Pinellas

Redington Shore	Pinellas
Safety Harbor	Pinellas
Seminole	Pinellas
St. Petersburg (2001)	Pinellas
St. Petersburg Beach (2001)	Pinellas
Tarpon Springs	Pinellas
Davenport	Polk
Lakeland	Polk
Winter Haven	Polk
Gulf Breeze	Santa Rosa
Jay	Santa Rosa
Milton	Santa Rosa
City of Sarasota	Sarasota
Long Boat Key	Sarasota
Casselberry	Seminole
St. Augustine Beach	St. Johns
Daytona Beach Shores	Volusia
Daytona Beach	Volusia
Debary	Volusia
Deland	Volusia
Deltona	Volusia
Edgewater	Volusia
Holly Hill	Volusia
Lake Helen	Volusia
New Smyrna Beach	Volusia
Oak Hill	Volusia
Orange City	Volusia
Ormond Beach	Volusia
Pierson	Volusia
Ponce Inlet	Volusia
Port Orange	Volusia
Flagler Beach	Volusia
Defuniak Springs	Walton
Freeport	Walton

TOTAL MUNICIPALITIES

158

1 A bill to be entitled
 2 An act relating to homestead exemption; amending s.
 3 196.075, F.S.; revising the amount of the additional
 4 homestead exemption for low-income seniors in accordance
 5 with the amendment to s. 6(f), Art. VII of the State
 6 Constitution adopted at the 2006 general election;
 7 providing for adjustments for the 2007 tax roll only;
 8 providing for retroactive effect; providing an effective
 9 date.

10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25
 26
 27

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (2) and paragraph (c) of subsection
 (4) of section 196.075, Florida Statutes, are amended to read:
 196.075 Additional homestead exemption for persons 65 and
 older.--

(2) In accordance with s. 6(f), Art. VII of the State
 Constitution, the board of county commissioners of any county or
 the governing authority of any municipality may adopt an
 ordinance to allow an additional homestead exemption of up to
\$50,000 ~~\$25,000~~ for any person who has the legal or equitable
 title to real estate and maintains thereon the permanent
 residence of the owner, who has attained age 65, and whose
 household income does not exceed \$20,000.

(4) An ordinance granting additional homestead exemption
 as authorized by this section must meet the following
 requirements:

28 (c) It must specify the amount of the exemption, which may
 29 not exceed \$50,000 ~~\$25,000~~. If the county or municipality
 30 specifies a different exemption amount for dependent special
 31 districts or municipal service taxing units, the exemption
 32 amount must be uniform in all dependent special districts or
 33 municipal service taxing units within the county or
 34 municipality.

35 Section 2. For the 2007 tax roll only, a taxing authority
 36 that has adopted an exemption under section 196.075, Florida
 37 Statutes, for the 2007 tax year may increase the amount of that
 38 exemption, subject to the \$50,000 limit, by delivering to the
 39 property appraiser by May 1, 2007, a copy of the adopted
 40 ordinance authorizing the increase.

41 Section 3. This act shall take effect upon becoming a law
 42 and shall apply retroactively to January 1, 2007.

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

Bill No. 333

COUNCIL/COMMITTEE ACTION

ADOPTED ___ (Y/N)
ADOPTED AS AMENDED ___ (Y/N)
ADOPTED W/O OBJECTION ___ (Y/N)
FAILED TO ADOPT ___ (Y/N)
WITHDRAWN ___ (Y/N)
OTHER _____

1 Council/Committee hearing bill:
2 Representative(s) Lopez-Cantera offered the following:

3
4 **Amendment**

5 Remove line(s) 39 and insert:

6
7 property appraiser by June 1, 2007, a copy of the adopted
8 regular or emergency

Status of Revenue
Collections

PRELIMINARY
JANUARY 2007 GENERAL REVENUE COLLECTIONS

(\$ MILLIONS - BASED ON NOVEMBER 2006 REVENUE ESTIMATING CONFERENCE)

	Month			Fiscal
	(1)	(2)	(3)	Yr-to-Date
	ACTUAL CURRENT MONTH	ESTIMATE CURRENT MONTH	OVER/ UNDER ESTIMATE	OVER/ UNDER ESTIMATE
SALES TAX COLLECTIONS	1,826.5	1,897.0	(70.5)	(164.9)
BEVERAGE TAXES	69.1	71.2	(2.1)	(4.5)
CORPORATE INCOME TAX	144.8	145.4	(0.6)	26.2
DOCUMENTARY STAMP TAX	-	-	-	(32.3)
TOBACCO TAX	26.1	24.2	1.9	1.6
INSURANCE PREMIUM TAX	6.9	10.4	(3.5)	8.0
PARIMUTUEL TAXES	0.3	0.3	(0.0)	(0.2)
INTANGIBLES TAXES	68.6	63.5	5.1	14.0
ESTATE TAX	1.9	0.5	1.4	15.5
INTEREST EARNINGS	33.1	33.1	(0.0)	15.0
DRIVERS LICENSE FEES	8.2	5.6	2.6	0.5
MEDICAL HOSPITAL FEES	15.9	18.9	(3.0)	(11.0)
AUTOMOBILE TITLE FEES	2.9	2.6	0.3	0.2
SEVERANCE TAXES	2.5	4.4	(1.9)	(1.6)
SERVICE CHARGES	33.1	35.7	(2.5)	(5.4)
CORPORATIONS TRUST FUND FEES	13.2	23.6	(10.4)	(11.2)
<u>OTHER TAXES AND FEES</u>	<u>58.6</u>	<u>59.4</u>	<u>(0.8)</u>	<u>2.6</u>
TOTAL REVENUE	2,311.7	2,395.8	(84.0)	(147.5)
<u>LESS REFUNDS</u>	<u>(35.7)</u>	<u>(12.1)</u>	<u>(23.6)</u>	<u>(12.5)</u>
NET REVENUE	2,276.0	2,383.7	(107.6)	(159.9)